

work²future

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Memorandum

TO: work2future Finance Committee

FROM: Christopher Donnelly,
Assistant Director

SUBJECT: work2future Proposed Combined
Operating Budget for FY 09-10

DATE: June 3, 2009

Approved

Date

Christopher Donnelly for Jeff Buser *6/3/09*

RECOMMENDATION

Finance Committee approval of the work2future Proposed Operating Budget for FY 2009-2010 in the amount of \$24,814,762, new discretionary funding in the amount of \$245,643 and projected discretionary carry-over funding from FY 08-09 of \$799,342.

The total budget of \$25,859,747 consists of the following:

- Workforce Investment Act (WIA) allocation that includes FY 09-10 formula funding of \$11,778,031, an estimated \$358,860 in Rapid Response Funding, and net *projected* carry-over funding of \$1,247,912, for a total of \$13,384,803.
- American Recovery and Reinvestment Act (ARRA) funding in the amount of \$ 11,429,959. This amount pertains only to the portion allocated for FY 2009-2010, representing 96% of the total ARRA funding allocation of \$11,857,306.
- New discretionary funding in the amount of \$245,643 from the U.S. Small Business Administration Congressional Earmark Program to enhance the BusinessOwnerspace.com (BOS) website.
- Projected discretionary carry-over funding in the amount of \$799,342 as follows:
 - Federal Earmark from the U. S. Department of Health and Human Services *projected* carry-over funding from FY08-09 of \$115,566 to provide job training and employment assistance to 50 new American citizens;
 - Federal Appropriation from the Department of Labor (DOL) *projected* carry-over from FY 08-09 of \$320,000 to fund a new job training employment preparation program for 70 homeless and at-risk individuals;

- City of San Jose Housing Trust Fund *projected* carry-over from FY 08-09 of \$328,776 to continue the Project Hope program, a job training program for homeless individuals and non-violent ex-offenders recently released back to the community;
- Corporate Grants *projected* carry-over from FY 08-09 in the amount of \$35,000 to support BusinessOwnerSpace.com annual event.

The Executive Committee approved the recommendation at its meeting of June 8, 2009. The recommendation of the Finance Committee will be forwarded to the Board for its meeting of June 18, 2009.

BACKGROUND AND ANALYSIS

The proposed budget is as follows, with WIA allocation representing 52% of the total proposed budget, ARRA, 44% and discretionary grants, 4%.

WIA and ARRA Allocations:

Funding Sources	Adult	DW	Youth	Admin	Rapid Response	Total
WIA Allocation	\$3,304,361	\$3,829,959	\$3,465,908	\$1,177,803	\$358,860	\$12,136,891
Projected Carry-over 08-09	\$350,541	\$916,205	\$1,747,871	\$0	\$0	\$3,014,617
FY10-11 Carry-over (15%)	(\$550,727)	(\$638,327)	(\$577,651)	\$0	\$0	(\$1,766,705)
Total WIA Funding	\$3,104,175	\$4,107,837	\$4,636,128	\$1,177,803	\$358,860	\$13,384,803
ARRA Funding	\$1,734,341	\$3,807,824	\$4,269,972	\$979,432	\$638,390	\$11,429,959
Total Proposed Budget	\$4,838,516	\$7,915,661	\$8,906,100	\$2,157,235	\$997,250	\$24,814,762

Discretionary Funding (new and carry-over):

Funding Sources	U.S SBA Grant (New)	New Americans Federal Grant¹	CSJ Housing Trust Funds¹	DOL Job Training¹	Corporate Accounts¹	Total
Allocation	\$245,643	\$115,566	\$320,000	\$328,776	\$35,000	\$1,044,985

¹ projected carry-over

Total Proposed Budget	\$25,859,747
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WIA FORMULA ALLOCATIONS:

The Workforce Investment Division of the State of California Employment Development Department (EDD) conveyed the Youth, Adult Worker, and Dislocated Worker allocation allotments to the various Workforce Investment Boards on May 12, 2009. The State has not released its final allocation for the Rapid Response program; thus, the Rapid Response number is estimated.

The following table shows the WIA allocation received for FY 09-10 as compared to the allocation received for FY 08-09. The total FY 09-10 WIA allocation represents an increase of approximately 10% compared to last year's allocation.

WIA Allocation	FY 09-10	FY 08-09	Inc (Dec)	% Change
Adult Program	\$3,671,512	\$3,567,075	\$ 104,437	3%
Dislocated Worker	\$4,255,510	\$3,426,132	\$ 829,378	24%
Youth	\$3,851,009	\$3,713,904	\$ 137,105	4%
Rapid Response	\$358,860	\$358,860	\$0	0%
Total WIA Allocation	\$12,136,891	\$11,065,971	\$1,070,920	10%

ARRA ALLOCATIONS:

In addition, on February 17, 2009, the U.S. House Representatives and the Senate approved the American Recovery and Reinvestment Act (ARRA). work2future was awarded a total of \$11,857,306 in ARRA funding. Of this amount, \$11,429,959 will be spent in FY 09-10, representing approximately 96% of the total ARRA allocation. The local Workforce Investment Areas (LWIAs) are expected to move quickly to use ARRA funding in the first year in conjunction with other available funds. ARRA funding must be spent by June 30, 2011.

All of the youth funding is expected to be spent in FY 09-10. The \$427,347 variance shown below pertains to the ARRA Adult and Dislocated Worker funding. Of this amount, \$108,089 is allocated in FY 08-09 to cover initial personnel, planning and implementation costs, and the remaining \$286,450 will be used to cover administrative and program support in FY 10-11.

The following table shows the FY 09-10 proposed ARRA expenditures:

ARRA Allocation	Total Allocation	FY 09-10 Proposed Expenditures	Variance (used/unallocated)	Allocated Percentage to FY 09-10
Adult Program	\$ 2,026,103	\$ 1,876,652	\$149,451	93%
Dislocated Worker	\$ 4,448,400	\$ 4,170,504	\$277,896	94%
Youth	\$ 4,744,413	\$ 4,744,413	\$0	100%
Rapid Response	\$ 638,390	\$ 638,390	\$0	100%
Total ARRA Allocation	\$11,857,306	\$11,429,959	\$427,347	96%

Implementation of the ARRA is governed under the existing WIA Act of 1998 and the current Training and Employment Guidance Letter (TEGL) No. 14-08, OMB circulars, and State Directives. In TEGL 14-08 section 5, the General Policy guidelines state four guiding principles for the utilization of the ARRA, namely: a) transparency and accountability in the use of the Recovery Act funding; b) timely spending of the funds and implementation of activities; c) increasing workforce system capacity and service levels; and d) using data and workforce information to guide strategic planning and service delivery.

work2future Finance Committee

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Pursuant to WIA regulations, the LWIAs must conduct oversight and monitoring of WIA activities to determine whether there is compliance with programmatic, accountability, and transparency provisions of the ARRA, and other applicable laws and regulations.

The DOL's Employment and Training Administration (ETA) is developing reporting requirements for the ARRA funds with the intent to minimize any new data collection requirements.

Any ARRA updates will be submitted to the work2future Executive Committee, Finance Committee and the Youth Council on a regular basis.

The following table summarizes work2future FY 09-10 combined budget for WIA and ARRA as follows:

Funding Uses	WIA	ARRA	Total Program Budget	WIA % to Total Program Budget	ARRA % to Total Program Budget	Admin (WIA & ARRA)	Total Proposed Budget	% to Total Budget
Client Related Costs:								
Personnel Costs	\$2,883,025	\$1,176,145	\$4,059,170	71%	28%	\$0	\$4,059,170	16%
Contracted Client Svcs,	\$2,900,000	\$0	\$2,900,000	100%	0%	\$0	\$2,900,000	12%
Workshops	\$1,315,000	\$0	\$1,315,000	100%	0%	\$0	\$1,315,000	5%
Job Fairs	\$0	\$110,000	\$110,000	0%	100%	\$0	\$110,000	NIL
Training	\$0	\$2,443,300	\$2,443,300	0%	100%	\$0	\$2,443,300	10%
Incentives (Youth)	\$0	\$250,000	\$250,000	0%	100%	\$0	\$250,000	1%
Supportive Services	\$29,800	\$1,145,200	\$1,175,000	2%	98%	\$0	\$1,175,000	5%
Special Events	\$10,000	\$0	\$10,000	100%	0%	\$0	\$10,000	NIL
College Internship	\$119,965	\$0	\$119,965	100%	0%	\$0	\$119,965	NIL
Summer Youth Job	\$0	\$3,647,936	\$3,647,936	0%	100%	\$0	\$3,647,936	15%
Green Corps Program	\$225,000	\$375,000	\$600,000	38%	62%	\$0	\$600,000	3%
Other Client Related Costs	\$0	\$404,000	\$404,000	0%	100%	\$0	\$404,000	1%
Others (fingerprinting, test materials, client lay-off info materials)	\$0	\$422,346	\$422,346	0%	100%	\$0	\$422,346	2%
Sub-total Client Related Costs	\$7,482,790	\$9,973,927	\$17,456,717	43%	57%	\$0	\$17,456,717	70%
Non-Client Related Costs:								
Personnel Costs	\$2,310,531	\$0	\$2,310,531	100%	0%	\$980,407	\$3,290,938	13%
Non Personnel Costs (rent, supplies, utilities, etc.)	\$2,387,598	\$476,600	\$2,864,198	83%	17%	\$68,225	\$2,932,423	12%
City Overhead	\$26,081	\$0	\$26,081	100%	0%	\$1,108,603	\$1,134,684	5%
Sub-Total Non-Client Related Costs	\$4,724,210	\$476,600	\$5,200,810	91%	9%	\$2,157,235	\$7,358,045	30%
Total Budget	\$12,207,000	\$10,450,527	\$22,657,527	54%	46%	\$2,157,235	\$24,814,762	100%
% to Total	49%	42%	91%			9%	100%	

As witnessed above, work2future's total combined budget of \$24,814,762 is comprised of a program budget of \$22,567,527 that accounts for 91% of the total combined WIA and ARRA allocation. Forty-nine percent of the total program budget is funded from the WIA regular allocation and 42% from the ARRA allocation. The administrative budget is funded by both WIA and ARRA allocations, which accounts for 9%.

work2future plans to use 70% of its total budget towards client services, \$7,482,790 or 43% of which will be funded from WIA regular allocation and \$9,973,927 or 57% from ARRA allocation. Direct staff salaries and benefits, which include salaries of 55 new ARRA staff, account for 16% of total combined budget. The Summer Youth Job program accounts for 15%; contracted youth case management and adult/dislocated worker integrated services, 12%; and the remaining 27% will fund the new Green Corps program, workshops, training and supportive services.

On the other hand, non-client-related services costs, which include salaries and benefits of administrative and program support staff, non-personnel costs such as rent, supplies, utilities, etc., and city overhead costs account for 30% of the total combined budget. Administrative services costs represent 9% of the total combined budget, which is 1% below the state-mandated administrative level. Of the total administrative budget, about 51% is directed towards city overhead rate, which has increased from 9.28% from FY 08-09 to 15.20% in FY 09-10.

The table below further details the share of the Adult, Dislocated Worker, Youth and Rapid Response allocations per expense category:

Funding Uses by Program	Adult	DW	Youth	Rapid Response	Admin	Total	% to Total
Client-Related Personnel Costs	\$960,987	\$1,323,812	\$1,323,112	\$451,260	\$0	\$4,059,170	16%
Non-Client Personnel Costs	\$578,390	\$739,188	\$918,443	\$74,509	\$980,407	\$3,290,938	13%
Non Personnel Costs (rent, utilities, supplies)	\$694,039	\$1,005,261	\$819,808	\$345,090	\$68,225	\$2,932,423	12%
Contracted Client Svcs	\$680,000	\$1,020,000	\$1,200,000	\$0	\$0	\$2,900,000	12%
Workshops	\$526,000	\$789,000	\$0	\$0	\$0	\$1,315,000	5%
Job Fairs	\$45,775	\$64,225	\$0	\$0	\$0	\$110,000	NIL
Training	\$520,688	\$1,922,612	\$0	\$0	\$0	\$2,443,300	10%
Incentives (Youth)	\$0	\$0	\$250,000	\$0	\$0	\$250,000	1%
Supportive Services	\$311,434	\$683,766	\$179,800	\$0	\$0	\$1,175,000	5%
Special Events	\$4,000	\$6,000	\$0	\$0	\$0	\$10,000	NIL
College Internship	\$0	\$0	\$119,965	\$0	\$0	\$119,965	NIL
Summer Youth Job	\$0	\$0	\$3,647,936	\$0	\$0	\$3,647,936	15%
Green Corps Program	\$375,000		\$225,000	\$0	\$0	\$600,000	3%
Other Client Related Costs	\$110,909	\$293,091	\$0	\$0	\$0	\$404,000	1%
Others (fingerprinting, test materials, client lay-off info materials)	\$31,294	\$68,706	\$222,036	\$100,310	\$0	\$422,346	2%
City Overhead	\$0	\$0	\$0	\$26,081	\$1,108,603	\$1,134,685	5%
Total Budget	\$4,838,516	\$7,915,661	\$8,906,100	\$997,250	\$2,157,235	\$24,814,762	100%
% to Total Budget	19%	32%	36%	4%	9%	100%	

DISCRETIONARY FUNDS:

In addition to WIA and ARRA allocations, the total proposed budget includes the following discretionary funding, which includes new and projected carry-over funding as follows:

- New discretionary funding in the amount of \$245,643 from the U.S. Small Business Administration Congressional Earmark Program to enhance the BusinessOwnerspace.com (BOS) website, which was launched in October 2007. The BOS website since its launch has been accessed by several businesses with a variety of needs such as information, access to capital, and technical training.
- Projected discretionary carry-over funding in the amount of \$799,342 as follows:
 - Federal Earmark from the U. S. Department of Health and Human Services *projected* carry-over funding from FY08-09 of \$115,566 to provide 50 new American citizens with workforce services including labor market information, vocational skills assessment, job search techniques training, vocational skills training and job placement assistance (original grant: \$191,593).
 - Federal Appropriation from the DOL projected carry-over from FY 08-09 of \$320,000 to fund a new job training employment preparation program for 70 homeless and at-risk individuals (original grant: \$320,000).
 - City of San Jose Housing Trust Fund *projected* carry-over from FY 08-09 of \$328,776 to continue the Project Hope program, a job-training program for homeless individuals and non-violent ex-offenders recently released back to the community. Through one-on-one case management assistance, job training, and employment assistance, in concert with supportive services from local homeless service providers, Project Hope will continue to assist participants to become self-sufficient, gainfully employed, and ultimately stabilized in permanent housing (original grant: \$600,000).
 - Corporate Grants *projected* carry-over from FY 08-09 in the amount of \$35,000 to support BusinessOwnerSpace.com annual event to outreach to small businesses by connecting them with a wide gamut of services, including business planning and marketing assistance, access to capital, permit facilitation, human resources, and other forms of critical technical and financial and informational support (original grant \$40,000).

PROGRAM HIGHLIGHTS:

With the infusion of ARRA funding, 96% of which will be spent in FY 09-10, work2future will serve an additional 1,500 to 2,000 adult and dislocated worker clients, as well as supplement the current array of workshops, training, and supportive services being provided to Workforce Investment Act (WIA) eligible clients. work2future will add a Entrepreneurial/Small Business training program and one-on-one Individual Interviewing Techniques workshops into its menu of training and workshops. In addition, work2future will continue the on-the job training program for eligible adult clients. Supportive services

will include a whole range of new items such as gas vouchers, one-time COBRA payments, one-time rent assistance for eligible clients to assist them to complete their training and find a job.

In addition, with the ARRA youth funding, work2future will operate a Summer Jobs for Youth program to serve an estimated 1,200 youth. The youth served will range in ages 15 to 24 years and will work up to eight weeks during the summer, with salaries of \$9/hr for 15-16 year old youth, \$10/hr for 17-18 year old youth, and \$13/hr for 19-24. The program will include linking youth with public sector employers (e.g., City of San José, County, State, VTA, and school districts) and non-profit organizations. All youth will receive 4 hours per week of work readiness, in addition to actual work experience. The work readiness workshops will train youth on how to prepare a resume, identify job skills, develop interview skills, and use labor market information. The program's main focus is to provide youth with valuable work experience and the opportunity to gain employment skills.

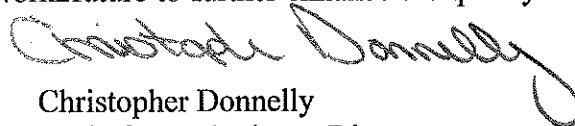
Another program enhancement is the addition of the work experience element to the training component such that an eligible client will be placed in an internship for a period of 12 weeks upon completion of training and job placement assistance.

work2future has also added a new program component this year, the Green Jobs Corps program, funded from both WIA and ARRA funds. The goal of the program is to train at risk-youth for technical, construction, and other skilled jobs that are expected to fuel the economy. Green Jobs Corps recruits will be expected to continue their education and contribute to their communities through community service while receiving job training and help with job placement.

The American Recovery and Reinvestment Act of 2009 (ARRA) funding provides a large investment towards the growth and development of the Green Economy, and the additional ARRA funding will allow work2future to provide local employers with talented, job-ready employees with a focus on Energy and Technology, Green Building, and Public and Utilities Sector jobs.

BUDGET IMPACT

Though work2future's regular WIA funding allocation increased by \$1,070,920 compared to last year, the net projected carry-over decreased by \$1,004,732; thus, the net gain for FY 09-10 is only \$66,548 with the infusion of ARRA funds into work2future budget. Rather than providing the same level of service as last year, the ARRA funding allows work2future to further enhance the quality and quantity of services to our clients.



Christopher Donnelly
work2future Assistant Director

cc: Paul Krutko
Joy Salandanan